

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 308
Version: As introduced

DATE: March 8, 2011

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Subject: Taconite Revenue; State Aid Reductions Restored

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Overview

The taconite industry is generally exempt from local property taxes and, instead, is subject to a series of taxes including production taxes, excise taxes, royalty taxes, and occupation taxes. The majority of mining industry revenues is received through the taconite production tax. The proceeds of the taconite production tax are required to be deposited into a variety of funds and state statutes also contain formulas to provide for the distribution of revenues received from the taconite production tax.

The major school district taconite program is designed to provide tax relief for the 15 school districts in the taconite relief area. The reduction first comes off the local school levies and then if any taconite production money in this formula remains in past years, the remainder is transferred to cities and towns. Prior to 2009, any additional taconite revenue was subtracted from state-paid general education aid.

In 2009, the legislature eliminated the general education aid offset and instead directed any remaining portion of the production tax to cities and towns in the taconite relief area.

This bill undoes the 2009 changes and requires that any school production tax remaining after the school levy reductions be offset against the districts' general education aid.

- 1 City or town where quarried or produced.** Eliminates the 2009 language that transferred the aid offset portion of the taconite production money to cities and towns located within the taconite relief area.
- 2 School districts.** Removes the 2009 redirection of taconite production revenue from school districts to cities and towns located within the taconite relief area.
- 3 Repealer and reenactment.** Repeals the section of session law that repealed the taconite production tax offset against general education revenue and reinstates the general education aid subtraction for fiscal years 2012 and later.